

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

September 26, 2008

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

PSF No.: 030D-234

Oahu

Issuance of Revocable Permit to Antone Carrillo for  
Residential Purpose and Cancellation of Revocable Permit  
No. S-6691 to Anita Pereira, Maili Lands, Waianae, Oahu,  
Tax Map Key: (1)8-7-01:29.

APPLICANT:

Antone Carrillo, a single person, whose mailing address is  
87-028 Farrington Highway, Waianae, Oahu, 96792.

LEGAL REFERENCE:

Sections 171-13 and 55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waianae, Oahu, identified  
by Tax Map Key: (1)8-7-01:29, as shown on the attached map labeled  
Exhibit A.

AREA:

.400 acres, more or less.

ZONING:

State Land Use District: Urban  
City and County of Honolulu: LUO: R-5

TRUST LAND STATUS:

Non-ceded. Lands acquired after statehood.

DHHL 30% entitlement lands pursuant to the Hawaii State  
Constitution: YES \_\_\_\_\_ NO X

CURRENT USE STATUS:

Encumbered by Revocable Permit No. S-6691, Anita O. Pereira,  
Permittee, for residential purposes.

CHARACTER OF USE:

Residential purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

\$600.00 per month. See attached letter labeled Exhibit B.

COLLATERAL SECURITY DEPOSIT:

Equivalent to one month's rent.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 as "there will be negligible or no expansion or change of use beyond that previously existing".

DCCA VERIFICATION:

Not applicable. Applicant is not operating a business and as such, is not required to register with DCCA.

REMARKS:

On October 14, 2004, the Land Division was informed that Anita Pereira, had passed away. Antone Carrillo grandson to Anita Pereira, is requesting that a new revocable permit be issued under his name.

In an attempt to issue new revocable permit to Antone Carrillo in January of 2005, a rental analysis of the subject property was prepared by staff appraiser on March 7, 2005. At that time, the State believe it owned all of the improvements to the property. Staff appraised the rental value of the land and improvements at \$1,850 per month for the subject property.

After the rental appraisal was completed, the permit process stalled due to the contention by Antone Carrillo that the State did not own the improvements on the property. By way of a letter dated December 8, 2005, Antone Carrillo through his attorney, Eric Seitz, informed the Land Division that the State did not own the improvements on the property in which the appraisal for the rental amount was derived.

On October 31, 2007, staff discuss the issuance of a revocable permit with Antone Carrillo and staff appraiser was asked to re-evaluated the rent for subject property.

Staff appraiser's re-inspection property revealed that there were some inaccuracies in the prior rental analysis that resulted in a rental valuation of \$1,850 per month. However, due to the overall poor and deteriorating conditions of the two dwellings on the property which were constructed in 1947, staff appraiser determined that the new rental amount would be \$600.00 per month.

The proposed use is allowable under the County ordinances and there will be no changes under the existing use of the permit.

The subject request is to accommodate the occupation of the Applicant. Staff will bring back to the Board when any long term plan, eg. public auction, is available.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the past five years due to non-compliance with such terms and conditions. There have no other request to utilize the subject property from other parties.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the cancellation of Revocable Permit No.S-6691 issued to Anita O. Pereira
3. Authorize the issuance of a revocable permit to Antone Carrillo covering the subject area for residential purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
  - b. Review and approval by the Department of the Attorney General; and

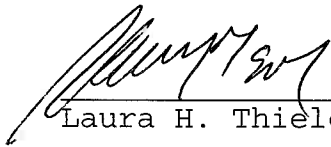
- c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Steve Lau  
Land Agent

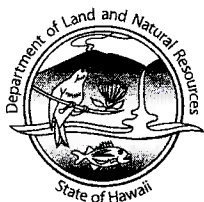
APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson







STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

October 31, 2007

MEMORANDUM

TO: Laura H. Thielen, Chairperson

THROUGH: Russell Y. Tsuji, Land Division Administrator *mb*

FROM: Cyrus C. Chen, Real Estate Appraisal Manager *Cyrus Chen*

SUBJECT: In-House Valuation Recommendation – Revocable Permit for Residential Purposes

PSF No.: 03OD-234  
Applicant: Antone Carillo  
Location: Maili Lands, Waianae, Oahu  
Land Area: 16,351 sq. ft.  
Tax Map Key: (1) 8-7-01: 29  
Char. of Use: Residential

We have been requested to provide a monthly rent amount for the issuance of a revocable permit for residential purposes on the above-referenced property. This rent amount will be included in staff's submittal to the Board for approval of this permit and will not be effective unless such approval is received.

The subject parcel was under Revocable Permit S-6691 to Anita O. Pereira. Ms. Pereira, the Permittee, passed away on September 2004. According to the terms of the permit, this permit is not transferable. Technically, the permit ended upon her death. Since the subject property then reverted back to the DLNR, the houses become State property in accordance with the terms of the permit.

The original lease to the Permittee's husband, Antone Pereira, for a 21-year term, began in 1947. Upon expiration of this lease, there was a short-term holdover period until RP S-5273 was issued in 1976 to Mr. Pereira, but made retroactive to 1969. When Mr. Pereira passed away in 1989, this permit ended upon his death and a new one was issued to Mr. Pereira's widow, Anita O. Pereira. As stated above, Ms. Pereira passed away in September 2004, effectively

**EXHIBIT "B"**

terminating RP S-6691. Ms. Pereira's grandson, Antone Carillo, requests issuance of a new permit in his name. Mr. Carillo had been living at the property since 1993.

A rental analysis of the subject property was prepared by Staff dated March 7, 2005. At that time, the State believed it owned all of the improvements to the property based on the terms of the lease and two subsequent permits, each of which contained language that the leasehold improvements reverted to the State at the end of the lease or permit. Staff appraised the rental value of the land and improvements at \$1,850 per month. After the rental appraisal was completed, the process stalled due to the contention by Mr. Carillo that the State did not own the improvements.

A letter was received from Mr. Carillo's attorney, Eric Seitz, dated December 8, 2005. The letter states, "I understand that the increase may be based, in part, upon the State's contention that it now owns the two structures that were erected on the property by Mr. Carillo's great grandfather and grandfather, respectively. Mr. Carillo believes that the State cannot properly claim ownership of the two structures based upon previous correspondence, meetings, and understandings that have been effectuated by the parties over a period of nearly six decades. Accordingly, he contests the proposed rental increase, and we are preparing to assist him in this matter." As stated above, Staff believes the improvements reverted to the State at the end of said lease or permit. No further action was taken until Staff contacted Mr. Carillo recently and a meeting was held at DLNR offices.

After discussions with Mr. Carillo, and a recent site inspection, it was revealed there were some inaccuracies in the prior rental analysis that resulted in a rental valuation of \$1,850 per month. Some data within the file and from the tax office were not representative of the subject improvements. This prompted a site inspection by Staff and research at the City's Department of Planning and Permitting and the City and County of Honolulu Tax Office. Photos from this site inspection are attached. A new rental analysis is presented herein.

A building permit for the original front house construction dated 1947 was found after research at the tax office. A building permit for an addition to the front house was researched by the Permittee and confirmed by Staff, which indicated a building date of 1955. According to Mr. Carillo, this permit was for the addition of bedrooms and a bathroom to the original front house.

According to Mr. Carillo, the back house was moved to its current location around 1979 from another nearby location in Waianae. No permits were found for this house.

There is also a work shed between the two dwellings built by Mr. Carillo and completed last year. This work shed has no rental value. No building permit was found for this structure. According to Mr. Carillo, this was formerly the old back house. Staff did uncover two permits dated 1938 and 1941 signed by a Francis Hum (possible spelling) though it is unclear what structures these permits are for. Mr. Carillo thinks these permits may have been for the original back house.

The back house is a one-bedroom, one-bath wood frame dwelling. Mr. Carillo makes the following contentions regarding the back house. 1. There is no cold running water; 2. the sewer



pipe, made of clay, needs periodic clearing due to roots from a nearby banyan tree, which grow into the sewer line. 3. The plumbing in the bathroom is very old; 4. The wall behind the water closet in the shower would need to be removed in order to repair the shower plumbing; 5. The foundation is in need of repair and needs to be jacked up for supports to be installed; 6. The wood beams and frame are old and brittle with major deterioration; 7. The wood stairs are broken. 8. The house is in very poor condition and major expense would be needed to repair.

Staff accompanied Mr. Carillo on the inspection of the back house. Upon observation of the condition of the house, it is Staff's opinion that much of what Mr. Carillo contends is fairly accurate. The plumbing in the bathroom appeared to be in poor condition and the walls fronting the plumbing in the shower enclosure were quite deteriorated from what looked like water damage. Portions of the shower enclosure were damaged, exposing the pipes. Staff also observed wood rot of the exterior stairs, making it quite hazardous to step on. Staff put his foot through one of the stairs. It is Staff's opinion that this house has no rental value.

Mr. Carillo makes the following contentions regarding the front house, a two-bedroom, one-bath dwelling: 1. The house is made of beach sand and rock and sits on a clay foundation. 2. The dwelling has settlement problems and also needs repair to its foundation. 3. The bathroom also does not have running cold water. 4. The exhaust pipe from the kitchen is deteriorated and ready to fall off. 5. The flat wood roof has bubbling problems from water damage. 6. There are cracks in the exterior walls, some possibly from last year's earthquake.

Staff accompanied Mr. Carillo in inspecting the front house. Staff did observe that clearly the house leans on one side, creating a sloped floor. The foundation would need to be jacked up and supports would be installed. Staff also observed areas of the exterior walls containing deep cracks.

In order to determine monthly rent for the front house, a rental survey was taken of two-bedroom houses in the Waianae and Makaha area. When possible, the houses were inspected from the street. Some houses were set back from street front so exterior inspection was not possible. Because no interior inspection of the comparables was conducted, the interior condition of these rentals is unknown. However, discussions with the owners/rental agents indicate all the rentals were in good condition and showed well for rental.

The rent for two-bedroom houses in the subject area ranged from \$1,100 to \$1,250 per month. Discussions with the rental agents have indicated the rentals were in good condition and/or recently refurbished. They were painted with new carpet and contain appliances in good working order. The rents typically include water, but no utilities.

If the subject front house were extensively refurbished and renovated to modern standards, along with curing the foundation problems, a market rent of \$1,200 would be considered reasonable.

Due to the non-landlord position that the State is in, a 50% discount for the repair, upkeep and maintenance on the house was applied which resulted in a monthly rent of \$600. Therefore,

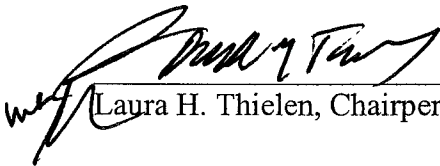


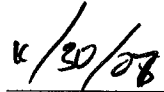
as of the date of this document, the monthly rent for the revocable permit to Antone Carillo is recommended to be \$600 per month.

Special Assumptions and Limiting Conditions

- 1) This document does not take the place of an appraisal and does not constitute an appraisal which adheres to the Uniform Standards of Professional Appraisal Practice.
- 2) The exterior of some of the comparable rentals were inspected by the staff appraiser. An exterior inspection of some comparables was not performed due to their location set back from the street. The interior condition was based on discussions with the rental agents. Further details and notes of the comparables are kept in the appraisal file.

Approved/Disapproved:

  
\_\_\_\_\_  
Laura H. Thielen, Chairperson

  
\_\_\_\_\_  
Date

cc: District Branch Files  
Central Files

DEC 5 2007